

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding the
Implementation of the Suspension of Direct
Access Pursuant to Assembly Bill 1X and
Decision 01-09-060.

Rulemaking 02-01-011
(Filed January 9, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING
REGARDING DIRECT ACCESS COST RESPONSIBILITY
SURCHARGE CAP REASSESSMENT**

Introduction

This ruling initiates the procedural process to assess whether to revise the Direct Access Cost Responsibility Surcharge (DA CRS) cap of 2.7 cents/kWh pursuant to the directives in Decision (D.) 03-07-030. As directed in D.03-07-030, a reassessment of the 2.7 cents CRS cap level was to be made two years after July 10, 2003. The DA CRS cap was to be reassessed to assure that its level remains adequate so that CRS undercollections are fully paid down by no later than the end of the California Department of Water Resources (DWR) contract term in 2011 (see Conclusions of Law 7 and 8 in D.03-07-030).

A previous ruling, issued March 30, 2005, initiated the process for updating CRS accrued obligations and cumulative undercollections through the year 2005. That process is currently underway, through a Working Group, coordinated by the Commission's Energy Division, with participation by DWR, consumer groups, and industry representatives. The updating of the CRS obligations through the 2005 period can provide a spring board for constructing

longer term forecasts of CRS accruals for use as a basis to assess whether the 2.7 cents CRS cap is adequate to assure paydown of undercollections by 2011.

The Working Group currently involved in updating the CRS obligations through 2005 is hereby authorized to expand its scope to include modeling work to update forecasts of CRS obligations through the year 2011. The goal of the Working Group in this regard should be to clarify where any areas of disagreement may exist, and to provide a more focused framework for identifying contested issues with respect to longer term forecasts.

The Energy Division shall hold an initial conference within five working days of the issuance of this ruling for the Working Group to discuss how to incorporate longer term forecasts into the modeling process for CRS obligations for DA and Departing Load through the year 2011. The Working Group should then proceed with follow-up meetings, as necessary to begin developing and running the necessary modeling. Parties should seek to reach consensus on a set of base case assumptions as a point of departure from which relevant input variables could be modified by different parties to produce alternative forecast scenario model runs. A goal of the working group should be to coordinate the longer term forecasts with the modeling efforts that are already in progress with respect to the CRS update through 2005.

In a subsequent ruling, a further schedule will be set for the Working Group to report on their progress, and to schedule, as necessary, formal proceedings to develop a record on the longer term forecasts for use as a basis to assess whether, or to what extent, the 2.7 cents/kWh DA CRS cap should be revised prospectively, consistent with the objectives of D.03-07-030.

IT IS RULED that:

1. The Working Group currently involved in updating the Cost Responsibility Surcharge (CRS) obligations through 2005 is hereby authorized to expand its scope to include modeling work to update forecasts of CRS obligations through the year 2011.

2. Parties should seek consensus on a set of base case assumptions as a point of departure from which relevant input variables could be modified to produce alternative forecast scenario model runs through 2011.

3. A goal of the working group should be to coordinate the longer term forecasts with the modeling efforts that are already in progress with respect to the CRS update through 2005.

4. The Energy Division shall hold an initial meeting within five working days of the issuance of this ruling for the Working Group to discuss how to incorporate longer term forecasts into the modeling process for CRS obligations for Direct Access and Departing Load through the year 2011.

5. The Working Group shall then proceed with follow-up meetings, as necessary to begin developing and running the necessary modeling, as outlined above.

6. A subsequent ruling shall set a further schedule for the Working Group to report on their progress, and to schedule formal proceedings, as necessary, to develop a record on the long term forecasts for use to assess if, or to what extent, the 2.7 cents/kWh CRS cap should be revised, consistent with Decision 03-07-030.

Dated June 2, 2005, at San Francisco, California.

/s/ THOMAS R. PULSIFER

Thomas R. Pulsifer
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties for whom an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Regarding Direct Access Cost Responsibility Surcharge Cap Reassessment on all parties of record in this proceeding or their attorneys of record.

Dated June 2, 2005, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

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